

**Volunteer Quality Alert – 2008-02**  
Internal Revenue Service (IRS) Notice 2008-05:  
**Qualifying Relative for Purposes of Section 152(d)(1)**  
**January 24, 2008**

**IRS Notice 2008-05** (issued on January 14, 2008) provides guidance for determining whether a taxpayer may claim a dependency exemption deduction for an unrelated child.

Please make **two Pen & Ink Changes to page 15 of the Pub 4012** (Volunteer Resource Guide).  
Chart – Overview of the Rules for Claiming an Exemption for a Dependent.  
Under “Tests to be a Qualifying Relative”

**CHANGE 1: Item #1 – Replace “anyone else” to “any other taxpayer.”**

**CHANGE 2: Add the following text as footnote #5 to the chart:**

An individual is not a qualifying child of “any other taxpayer” if the individual’s parent (or other person with respect to whom the individual is defined as a qualifying child) is not required to file an income tax return and (1) does not file an income tax return, or (2) files an income tax return solely to obtain a refund of withheld income taxes.

Please make a **Pen & Ink Change to page 17 of the Pub 4012** (Volunteer Resource Guide).  
Table 2, Dependency Exemption for Qualifying Relative

**CHANGE: Step 3 – Replace “anyone else” to “any other taxpayer”.**

**Publication 501 (Exemptions, Standard Deduction, and Filing Information), examples (pg. 13):**

**Example 1 – Return not required.** You support an unrelated friend and her three-year-old child; both of them lived with you in your home all year. Your friend had no gross income, and is not required to file a 2007 tax return, and does not file a 2007 tax return. Both your friend and her child are your qualifying relatives if the member of the household or relationship, gross income test, and support test are met.

**Example 2 – Return filed only to claim a refund.** The facts are the same in Example 1 except that your friend had wages of \$1,500 during the year and had income tax withheld from her wages. She files a tax return only to get a refund of the income tax withheld and does not claim the Earned Income Tax Credit or any other tax credits or deductions. Both your friend and her child are your qualifying relatives if the relationship test (specifically the member of the household test), gross income test, and support test are met.

**Example 3 –** The facts are the same in Example 2 except your friend has wages of \$8,000 and claims the Earned Income Tax Credit on her return. Your friend’s child is the qualifying child of another taxpayer (your friend), so you cannot claim your friend’s child as your qualifying relative.

If you have additional questions, please discuss with your Site Coordinator, email [partners@irs.gov](mailto:partners@irs.gov) or contact your local IRS SPEC Relationship Manager.

**Reference Materials/Volunteer Assistance:**

- Publication 4012, Volunteer Resource Guide (White Tab “C”), **or**
- Publication 501, Exemptions, Standard Deduction, and Filing Information , **or**
- IRS Notice 2008-05: Qualifying Relative for Purposes of Section 152(d)(1), **or call**
- The VITA Hotline at 1-800-829-8482.